

# City of Detroit

## CITY COUNCIL

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ANNE MARIE LANGAN  
DEPUTY DIRECTOR  
(313) 224-1078

TO: Public Lighting Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director

DATE: April 26, 2011

RE: 2011-2012 Budget Analysis

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Attached is our budget analysis regarding your department's budget for the upcoming 2011-2012 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Friday, April 29, 2011 at 3:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers  
Council Divisions  
Auditor General  
Thomas Lijana, Finance Director  
Floyd Stanley, Deputy Budget Director  
Charleta McInnis, Budget Manager  
Denise Gardner, Mayor's Office

## **Public Lighting Department (38)**

### **FY 2011-2012 Budget Analysis by the Fiscal Analysis Division**

#### **Summary**

The Public Lighting Department (PLD) is a General Fund agency. The Public Lighting Department historically both generates and purchases electrical power, maintains street and alley lights, traffic signals, and the electrical distribution system. The department operates the Herman Kiefer heating plant that supplies heating steam to the Kiefer complex and three Detroit Public Schools. The department assists in the operation and maintenance of the Police and Fire communication system.

The 2011-2012 recommended Net Tax Cost is a negative \$8.9 million - basically a profit – which is a \$9.2 million decrease over the current year.

The capital program, which is financed with G.O. bonds, is recommended at \$-0-.

#### **2010-2011 Surplus/Deficit**

The Budget Department has projected that the PLD will end the fiscal year with a deficit of \$5.15 million due to revenue.

#### **Overtime**

The department's overtime budget for the current fiscal year is \$2.1 million. As of March 31, 2011, the department has spent \$2.15 million on overtime.

The recommended 2011-2012 overtime budget is \$2.12 million.

#### **Personnel and Turnover Savings**

There is a recommended net increase of 2 positions and there is no turnover savings budgeted.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2010-11</u>	<u>Filled Positions 3/31/2011</u>	<u>Mayor's Budget Positions FY 2011-12</u>	<u>Over/(Under) Actual to 10/11 Budget</u>
<b>Public Lighting (38):</b>				
380010 General Administration	4	2	3	(2)
380020 Production Control				0
380030 Inspection & Control	2	2	2	0
380040 Claims Office	1	1	1	0
380060 Stores & Warehouse	1	1	3	0
<b>00123 General Administration</b>	<b>8</b>	<b>6</b>	<b>9</b>	<b>(2)</b>
380090 Engineering Administration	4	3	3	(1)
380105 Street Lighting Design	4	2	3	(2)
380115 Traffic Signal Design				0
380120 Trans. & Dist. Design	3	3	3	0
380130 Substation Design	3	2	2	(1)

380140 Underground Fac Maps & Rec	5	1	4	(4)
<b>00127 Engineering</b>	<b>19</b>	<b>11</b>	<b>15</b>	<b>(8)</b>
380150 Supervision	2	1	2	(1)
380160 Construction	19	18	34	(1)
380170 Maintenance	18	5	12	(13)
380180 Cables	16	14	19	(2)
380190 Conduit	9	9	9	0
380200 Street Lighting Maintenance				0
<b>00128 Street Lighting</b>	<b>64</b>	<b>47</b>	<b>76</b>	<b>(17)</b>
380210 Operating Administration	1	1	1	0
380220 System Testing				0
380230 Electrical System Control	8	8	8	0
380250 Electrical Maintenance	7	7	6	0
380260 Building Maintenance				0
380270 Traffic Signal Maintenance				0
380275 Plant Protection				0
<b>00129 Operating Division</b>	<b>16</b>	<b>16</b>	<b>15</b>	<b>0</b>
380280 Heat & Power Administration	5	3	4	(2)
380290 Testing & Instrument Maint.	7	3	2	(4)
380300 Mechanical Operations	13	8	9	(5)
380310 Mechanical Maintenance	2	1	4	(1)
380320 Power Plant Yard Operation	2		0	(2)
380340 Kiefer Heating Plant	0	4	4	4
<b>00131 Heat and Power Production</b>	<b>29</b>	<b>19</b>	<b>23</b>	<b>(10)</b>
380110 Traffic Signal Design				0
380270 Traffic Signal Maintenance				0
<b>12155 Traffic Signals</b>				<b>0</b>
38XXXX Leave of Absence		(3)		(3)
38XXXX Worker's Comp.		(5)		(5)
38XXXX Unmatched Positions		<u>33</u>		<u>33</u>
<b>TOTAL</b>	<b><u>136</u></b>	<b><u>124</u></b>	<b><u>138</u></b>	<b><u>(12)</u></b>

### Significant Changes in Funding

	<b>10-11 Budget.</b>	<b>2011-2012 Proposed</b>	<b>Variance</b>
Salary and Wages	\$8,982,562	\$9,771,059	\$788,497
Employee Benefits	6,928,084	9,156,672	2,228,588
Prof Contr. Svcs.	190,852	306,867	116,015
Operating Supplies	31,924,799	29,241,091	(2,683,708)
Operating Services	6,127,236	6,147,098	19,862
Capital Equipment	46,000	26,000	(20,000)
<b>Total Approp.</b>	<b>54,199,533</b>	<b>54,648,787</b>	<b>449,254</b>
<b>Revenues</b>	<b>53,298,456</b>	<b>62,730,155</b>	<b>9,431,699</b>
<b>Net Tax Cost</b>	<b><u>\$901,077</u></b>	<b><u>(8,081,368)</u></b>	<b><u>(8,982,445)</u></b>

### Capital Fund

There is no recommended g.o. bond sale for PLD. The bonds that were budgeted in Fiscal Years 2008 and 2009 remain unsold. The bonds budgeted in 2008-2009 for \$7,000,000 were proposed to be used for substation and system improvements on Belle Isle, street lighting improvements specifically on Outer Drive and the Mistersky power plant turbine overhaul.

### **Public Lighting (38)**

Budgeted Professional and Contractual Services by Activity	FY 2010-11 <u>Budget</u>	FY 2011-12 <u>Recommended</u>	Increase (Decrease)
Administration	\$ 117,500	\$ 147,250	\$ 29,750
Engineering	-	-	-
Street Lighting	-	-	-
Traffic Signals	-	-	-
Operating Division	73,352	66,017	(7,335)
Heat & Power Production	-	93,600	93,600
Capital Improvements	-	-	-
<b>Total</b>	<b><u>\$ 190,852</u></b>	<b><u>\$ 306,867</u></b>	<b><u>\$ 116,015</u></b>

### Issues and Questions

1. Why are PLD's costs for purchasing power recommended to decrease next year by \$4.14 million?
2. Why are revenues for the Board of Education projected to increase by \$13 million? If this is to recognize the Board's attempt to pay old bills, weren't these receipts budgeted in prior years and are on the balance sheet as an outstanding receivable?
3. Revenue 442100 – Electrical increases by \$2.5 million and revenue 442140 – Electrical – Other Government increases by \$3.3 million. Who is responsible for paying these revenues?
4. Why is Civic Center revenue at \$-0-? How is the new authority heating and cooling the facility?
5. Harper Woods has begun discussions about charging a fee to households for residential street lighting to cover some part of the cost. Has there been any study done by the department on this issue? Are you aware of any large cities already charging this fee?
6. With a net increase of 2 positions why are salary and wages increasing by \$788,000? After all the position shifting essentially what are the two new positions?